

ing under this part,¹ the Secretary shall provide the school with a written notice specifying such intention and stating that the school may request a formal hearing with respect to such termination. If the school requests such a hearing within 30 days after the receipt of such notice, the Secretary shall provide such school with a hearing conducted by an administrative law judge.

(July 1, 1944, ch. 373, title VIII, §842, as added Pub. L. 99-92, §8(g), Aug. 16, 1985, 99 Stat. 399.)

REFERENCES IN TEXT

This part, referred to in text, was in the original "this subpart" and was translated to reflect the probable intent of Congress and the redesignation of subpart II of part B of this subchapter as part E of this subchapter by Pub. L. 105-392, title I, §123(2), Nov. 13, 1998, 112 Stat. 3562.

PRIOR PROVISIONS

A prior section 297i, act July 1, 1944, ch. 373, title VIII, §830, as added Nov. 18, 1971, Pub. L. 92-158, §6(b)(2), 85 Stat. 477, relating to loan forgiveness, was transferred to and redesignated as subsec. (j) of section 823 of act July 1, 1944, which is classified to section 297b of this title, by Pub. L. 94-63, title IX, §941(h)(5), July 29, 1975, 89 Stat. 365.

A prior section 842 of act July 1, 1944, was renumbered section 852, and was classified to section 298a of this title prior to repeal by Pub. L. 105-392.

A prior section 297j, act July 1, 1944, ch. 373, title VIII, §843, as added Nov. 4, 1988, Pub. L. 100-607, title VII, §715, 102 Stat. 3162; amended Nov. 18, 1988, Pub. L. 100-690, title II, §2616(a), 102 Stat. 4240; Aug. 16, 1989, Pub. L. 101-93, §5(s), 103 Stat. 614, provided grant authority for scholarships for undergraduate education of professional nurses, prior to repeal by Pub. L. 102-531, title III, §313(a)(11), (c), Oct. 27, 1992, 106 Stat. 3507, effective immediately after enactment of Pub. L. 102-408, approved Oct. 13, 1992.

A prior section 843 of act July 1, 1944, was renumbered section 853, and was classified to section 298b of this title prior to repeal by Pub. L. 105-392.

Another prior section 297j, act July 1, 1944, ch. 373, title VIII, §845, formerly §860, as added Aug. 16, 1968, Pub. L. 90-490, title II, §223(a), 82 Stat. 785; amended July 9, 1971, Pub. L. 92-52, §4, 85 Stat. 145; Nov. 18, 1971, Pub. L. 92-158, §7, 85 Stat. 478; renumbered §845 and amended July 29, 1975, Pub. L. 94-63, title IX, §§902(f), 937, 941(j)(1), (2), 89 Stat. 355, 363, 366; Sept. 29, 1979, Pub. L. 96-76, title I, §110(a), (b), 93 Stat. 580; Aug. 13, 1981, Pub. L. 97-35, title XXVII, §2758(a), (b), 95 Stat. 932, set forth provisions relating to scholarship grants to schools of nursing, prior to repeal by Pub. L. 99-92, §9(a)(2), Aug. 16, 1985, 99 Stat. 400, eff. Oct. 1, 1985.

A prior section 845 of act July 1, 1944, was renumbered section 855, and was classified to section 298b-2 of this title prior to repeal by Pub. L. 105-392.

A prior section 297k, act July 1, 1944, ch. 373, title VIII, §846, formerly §861, as added Aug. 16, 1968, Pub. L. 90-490, title II, §223(a), 82 Stat. 786; renumbered §846 and amended July 29, 1975, Pub. L. 94-63, title IX, §§941(j)(1), (3), 89 Stat. 366, related to transfers of funds to student loan program, prior to repeal by Pub. L. 97-35, title XXVII, §2758(c), Aug. 13, 1981, 95 Stat. 932.

EFFECTIVE DATE

Section effective Oct. 1, 1985, see section 10(a) of Pub. L. 99-92, set out as an Effective Date of 1985 Amendment note under section 297a of this title.

§ 297n. Loan repayment and scholarship programs

(a) In general

In the case of any individual—

(1) who has received a baccalaureate or associate degree in nursing (or an equivalent degree), a diploma in nursing, or a graduate degree in nursing;

(2) who obtained (A) one or more loans from a loan fund established under subpart II,¹ or (B) any other educational loan for nurse training costs; and

(3) who enters into an agreement with the Secretary to serve as nurse for a period of not less than two years at a health care facility with a critical shortage of nurses;

the Secretary shall make payments in accordance with subsection (b) of this section, for and on behalf of that individual, on the principal of and interest on any loan of that individual described in paragraph (2) of this subsection which is outstanding on the date the individual begins the service specified in the agreement described in paragraph (3) of this subsection. After fiscal year 2007, the Secretary may not, pursuant to any agreement entered into under this subsection, assign a nurse to any private entity unless that entity is nonprofit.

(b) Manner of payments

The payments described in subsection (a) of this section shall be made by the Secretary as follows:

(1) Upon completion by the individual for whom the payments are to be made of the first year of the service specified in the agreement entered into with the Secretary under subsection (a) of this section, the Secretary shall pay 30 percent of the principal of, and the interest on each loan of such individual described in subsection (a)(2) of this section which is outstanding on the date he began such practice.

(2) Upon completion by that individual of the second year of such service, the Secretary shall pay another 30 percent of the principal of, and the interest on each such loan.

(3) Upon completion by that individual of a third year of such service, the Secretary shall pay another 25 percent of the principal of, and the interest on each such loan.

(c) Payment by due date

Notwithstanding the requirement of completion of practice specified in subsection (b) of this section, the Secretary shall, on or before the due date thereof, pay any loan or loan installment which may fall due within the period of service for which the borrower may receive payments under this subsection, upon the declaration of such borrower, at such times and in such manner as the Secretary may prescribe (and supported by such other evidence as the Secretary may reasonably require), that the borrower is then serving as described by subsection (a)(3) of this section, and that the borrower will continue to so serve for the period required (in the absence of this subsection) to entitle the borrower to have made the payments provided by this subsection for such period; except that not more than 85 percent of the principal of any such loan shall be paid pursuant to this subsection.

¹ See References in Text note below.

¹ See References in Text note below.

(d) Scholarship program**(1) In general**

The Secretary shall (for fiscal years 2003 and 2004) and may (for fiscal years thereafter) carry out a program of entering into contracts with eligible individuals under which such individuals agree to serve as nurses for a period of not less than 2 years at a health care facility with a critical shortage of nurses, in consideration of the Federal Government agreeing to provide to the individuals scholarships for attendance at schools of nursing.

(2) Eligible individuals

In this subsection, the term "eligible individual" means an individual who is enrolled or accepted for enrollment as a full-time or part-time student in a school of nursing.

(3) Service requirement**(A) In general**

The Secretary may not enter into a contract with an eligible individual under this subsection unless the individual agrees to serve as a nurse at a health care facility with a critical shortage of nurses for a period of full-time service of not less than 2 years, or for a period of part-time service in accordance with subparagraph (B).

(B) Part-time service

An individual may complete the period of service described in subparagraph (A) on a part-time basis if the individual has a written agreement that—

(i) is entered into by the facility and the individual and is approved by the Secretary; and

(ii) provides that the period of obligated service will be extended so that the aggregate amount of service performed will equal the amount of service that would be performed through a period of full-time service of not less than 2 years.

(4) Applicability of certain provisions

The provisions of subpart III of part D of subchapter II of this chapter shall, except as inconsistent with this section, apply to the program established in paragraph (1) in the same manner and to the same extent as such provisions apply to the National Health Service Corps Scholarship Program established in such subpart.

(e) Preferences regarding participants

In entering into agreements under subsection (a) or (d) of this section, the Secretary shall give preference to qualified applicants with the greatest financial need.

(f) Condition of agreement

The Secretary may make payments under subsection (a) of this section on behalf of an individual only if the agreement under such subsection provides that section 298b-7(c)¹ of this title is applicable to the individual.

(g) Breach of agreement**(1) In general**

In the case of any program under this section under which an individual makes an

agreement to provide health services for a period of time in accordance with such program in consideration of receiving an award of Federal funds regarding education as a nurse (including an award for the repayment of loans), the following applies if the agreement provides that this subsection is applicable:

(A) In the case of a program under this section that makes an award of Federal funds for attending an accredited program of nursing (in this section referred to as a "nursing program"), the individual is liable to the Federal Government for the amount of such award (including amounts provided for expenses related to such attendance), and for interest on such amount at the maximum legal prevailing rate, if the individual—

(i) fails to maintain an acceptable level of academic standing in the nursing program (as indicated by the program in accordance with requirements established by the Secretary);

(ii) is dismissed from the nursing program for disciplinary reasons; or

(iii) voluntarily terminates the nursing program.

(B) The individual is liable to the Federal Government for the amount of such award (including amounts provided for expenses related to such attendance), and for interest on such amount at the maximum legal prevailing rate, if the individual fails to provide health services in accordance with the program under this section for the period of time applicable under the program.

(2) Waiver or suspension of liability

In the case of an individual or health facility making an agreement for purposes of paragraph (1), the Secretary shall provide for the waiver or suspension of liability under such subsection if compliance by the individual or the health facility, as the case may be, with the agreements involved is impossible, or would involve extreme hardship to the individual or facility, and if enforcement of the agreements with respect to the individual or facility would be unconscionable.

(3) Date certain for recovery

Subject to paragraph (2), any amount that the Federal Government is entitled to recover under paragraph (1) shall be paid to the United States not later than the expiration of the 3-year period beginning on the date the United States becomes so entitled.

(4) Availability

Amounts recovered under paragraph (1) with respect to a program under this section shall be available for the purposes of such program, and shall remain available for such purposes until expended.

(h) Reports

Not later than 18 months after August 1, 2002, and annually thereafter, the Secretary shall prepare and submit to the Congress a report describing the programs carried out under this section, including statements regarding—

(1) the number of enrollees, scholarships, loan repayments, and grant recipients;

- (2) the number of graduates;
- (3) the amount of scholarship payments and loan repayments made;
- (4) which educational institution the recipients attended;
- (5) the number and placement location of the scholarship and loan repayment recipients at health care facilities with a critical shortage of nurses;
- (6) the default rate and actions required;
- (7) the amount of outstanding default funds of both the scholarship and loan repayment programs;
- (8) to the extent that it can be determined, the reason for the default;
- (9) the demographics of the individuals participating in the scholarship and loan repayment programs;
- (10) justification for the allocation of funds between the scholarship and loan repayment programs; and
- (11) an evaluation of the overall costs and benefits of the programs.

(i) Funding

(1) Authorization of appropriations

For the purpose of payments under agreements entered into under subsection (a) or (d) of this section, there are authorized to be appropriated such sums as may be necessary for each of fiscal years 2003 through 2007.

(2) Allocations

Of the amounts appropriated under paragraph (1), the Secretary may, as determined appropriate by the Secretary, allocate amounts between the program under subsection (a) of this section and the program under subsection (d) of this section.

(July 1, 1944, ch. 373, title VIII, §846, as added Pub. L. 102-408, title II, §211(a)(3), Oct. 13, 1992, 106 Stat. 2078; amended Pub. L. 105-392, title I, §133(d), Nov. 13, 1998, 112 Stat. 3576; Pub. L. 107-205, title I, §103, Aug. 1, 2002, 116 Stat. 813.)

REFERENCES IN TEXT

Subpart II, referred to in subsec. (a)(2), probably should be "this part" to reflect the redesignation of subpart II of former part B of this subchapter as part E of this subchapter by Pub. L. 105-392, title I, §123(2), Nov. 13, 1998, 112 Stat. 3562.

Section 298b-7(c) of this title, referred to in subsec. (f), was repealed by Pub. L. 105-392, title I, §123(1), Nov. 13, 1998, 112 Stat. 3562.

PRIOR PROVISIONS

A prior section 297n, act July 1, 1944, ch. 373, title VIII, §847, as added Nov. 4, 1988, Pub. L. 100-607, title VII, §716, 102 Stat. 3163; amended Nov. 18, 1988, Pub. L. 100-690, title II, §2616(b), 102 Stat. 4240, established a demonstration program for student loans with respect to service in certain health care facilities in underserved areas, prior to repeal by Pub. L. 102-408, title II, §210, Oct. 13, 1992, 106 Stat. 2078.

A prior section 846 of act July 1, 1944, was classified to section 297k of this title and was repealed by Pub. L. 97-35.

AMENDMENTS

2002—Pub. L. 107-205, §103(b)(1), substituted "Loan repayment and scholarship programs" for "Loan repayment program" in section catchline.

Subsec. (a). Pub. L. 107-205, §103(a)(2), inserted at end of concluding provisions "After fiscal year 2007, the

Secretary may not, pursuant to any agreement entered into under this subsection, assign a nurse to any private entity unless that entity is nonprofit."

Subsec. (a)(3). Pub. L. 107-205, §103(a)(1), substituted "at a health care facility with a critical shortage of nurses" for "in an Indian Health Service health center, in a Native Hawaiian health center, in a public hospital, in a migrant health center, in a community health center, in a rural health clinic, or in a public or nonprofit private health facility determined by the Secretary to have a critical shortage of nurses".

Subsec. (d). Pub. L. 107-205, §103(b)(4), added subsec. (d). Former subsec. (d) redesignated (f).

Subsec. (e). Pub. L. 107-205, §103(c), substituted "under subsection (a) or (d) of this section, the Secretary shall give preference to qualified applicants with the greatest financial need." for "under subsection (a) of this section, the Secretary shall give preference—

"(1) to qualified applicants with the greatest financial need; and

"(2) to qualified applicants that, with respect to health facilities described in such subsection, agree to serve in such health facilities located in geographic areas with a shortage of and need for nurses, as determined by the Secretary."

Subsec. (f). Pub. L. 107-205, §103(b)(2), (3), redesignated subsec. (d) as (f) and transferred it to appear after subsec. (e). Former subsec. (f) redesignated (h).

Subsec. (g). Pub. L. 107-205, §103(b)(2), (3), redesignated subsec. (h) as (g) and transferred it to appear after subsec. (f). Former subsec. (g) redesignated (i).

Subsec. (h). Pub. L. 107-205, §103(b)(2), (d), redesignated subsec. (f) as (h) and amended it generally. Prior to amendment, text of subsec. read as follows: "For purposes of this section:

"(1) The term 'community health center' has the meaning given such term in section 254c(a) of this title.

"(2) The term 'migrant health center' has the meaning given such term in section 254b(a)(1) of this title.

"(3) The term 'rural health clinic' has the meaning given such term in section 1395x(aa)(2) of this title."

Former subsec. (h) redesignated (g).

Subsec. (i). Pub. L. 107-205, §103(b)(2), (e), redesignated subsec. (g) as (i) and amended it generally. Prior to amendment, text of subsec. read as follows: "For the purpose of payments under agreements entered into under subsection (a) of this section, there are authorized to be appropriated \$5,000,000 for fiscal year 1993, and \$6,000,000 for fiscal year 1994."

1998—Subsec. (h). Pub. L. 105-392 added subsec. (h).

REFERENCE TO COMMUNITY, MIGRANT, PUBLIC HOUSING, OR HOMELESS HEALTH CENTER CONSIDERED REFERENCE TO HEALTH CENTER

Reference to community health center, migrant health center, public housing health center, or homeless health center considered reference to health center, see section 4(c) of Pub. L. 104-299, set out as a note under section 254b of this title.

§ 297n-1. Nurse faculty loan program

(a) Establishment

The Secretary, acting through the Administrator of the Health Resources and Services Administration, may enter into an agreement with any school of nursing for the establishment and operation of a student loan fund in accordance with this section, to increase the number of qualified nursing faculty.

(b) Agreements

Each agreement entered into under subsection (a) of this section shall—

- (1) provide for the establishment of a student loan fund by the school involved;